

**“Iran: Recent Developments and Implications for U.S. Policy”
Testimony before the House Foreign Affairs Committee**

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Mr. Chairman, Honorable Members. Thank you for this opportunity to testify. On July 15, 2009, Secretary of State Hillary Clinton spoke of engagement in the course of a broader foreign policy address. “We cannot be afraid or unwilling to engage,” she declared, adding, “As long as engagement might advance our interests and our values, it is unwise to take it off the table. Negotiations can provide insight into regimes’ calculations and the possibility—even if it seems remote—that a regime will eventually alter its behavior in exchange for the benefits of acceptance into the international community.” About the Islamic Republic the Secretary of State said, “We know that refusing to deal with the Islamic Republic has not succeeded in altering the Iranian march toward a nuclear weapon, reducing Iranian support for terror, or improving Iran’s treatment of its citizens.”

Secretary Clinton is correct to note the challenges the Islamic Republic poses, but is incorrect to blame her predecessors rather than the Islamic Republic itself for the failure of diplomacy. It is a myth that the United States has not engaged Iran. Every administration since Jimmy Carter’s has engaged the Islamic Republic. During the 1980 presidential campaign, Ronald Reagan criticized the Carter administration’s diplomacy toward Iran but then, faced with his own Iranian-instigated hostage crisis, also sought to offer incentives. During his inaugural address, George H.W. Bush extended an olive branch to Iran. “Good will begets good will. Good faith can be a spiral that endlessly moves on,” he declared. Days later, he clarified, “I don’t want to...think that the status quo has to go on forever. There was a period of time when we had excellent relations with Iran.” Bush offered an olive branch with the promise of better relations upon the release of the hostages, but refused to make concessions or offer incentives, even as prominent foreign policy voices like Rep. Lee Hamilton, chairman of the House Foreign Affairs subcommittee on the Middle East, urged him “to send some kind of gesture.” The Supreme Leader dismissed Bush’s initiative, however. “Iran does not need America,” he told Tehran radio.

When Bill Clinton took office in 1993, relations with Iran were frozen. Neither Khomeini’s death nor the accession of Rafsajani had changed Iranian behavior. Indeed, as the Oslo Accords brought real hope of an end to the Arab-Israeli conflict, U.S. concern at Iranian attempts to disrupt the peace process grew. Dual Containment became the benchmark strategy during Clinton’s first term. As Martin Indyk, the lead National Security Council aide on the Middle East told the Washington Institute for Near East Policy, “We do not seek confrontation but we will not normalize relations with Iran until and unless Iran’s policies change across the board.”

As Iranian sponsorship of terrorism and its pursuit of nuclear technology accelerated, the Clinton administration ratcheted up sanctions. Clinton Administration issued two Executive Orders in 1995, the first prohibiting transactions that would lead to the development of Iranian petroleum resources, and the second imposing a ban on U.S. trade with and investment in Iran. Then, in

1996, Congress passed and Clinton signed the Iran-Libya Sanctions Act which empowered the United States to act against private companies investing in Iran. Many U.S. policymakers, however, were unhappy with containment. “There seems little justification for the treatment the United States currently accords Iran because of its nuclear program,” former National Security Advisors Zbigniew Brzezinski and Brent Scowcroft argued, suggesting an end to unilateral sanctions and proffering of incentives, such as greater commercial exchange.

Iranian President Mohammad Khatami’s election, however, led the Clinton administration to renew its efforts at dialogue. Speaking to the parliament after his swearing-in on August 4, 1997, Khatami declared, “We are in favor of a dialogue between civilizations and a détente in our relations with the outside world.” Khatami’s call for dialogue led to a proliferation of study group reports, each urging Washington to engage Tehran with few if any preconditions. Most of these reports with the benefit of hindsight are painfully naïve.

Clinton jumped at the chance to bring Iran in from the cold. He ordered withdrawn and destroyed the FBI’s report detailing the Islamic Revolutionary Guard Corps’ involvement in the Khobar Towers bombing. Within weeks, Secretary of State Madeleine Albright sent a letter to Khatami expressing Washington’s desire for government-to-government dialogue. Khatami did not reply directly, but U.S. officials believed his subsequent statements signaled a willingness to engage. In December 1997, for example, Khatami expressed “great respect” for the “great people of the United States,” and called for “a thoughtful dialogue.” Reporters remarked on his “markedly different” tone from his predecessors. In a January 1998 CNN interview, Khatami reiterated these themes, declaring, “Not only do we not harbor any ill wishes for the American people, but in fact we consider them to be a great nation,” and outlined a desire for “dialogue of civilizations.”

Albright responded in a speech to the Asia Society, declaring that Clinton “welcomed” Khatami’s call and would, accordingly, streamline procedures to issue Iranians visas and facilitate academic and cultural exchanges. The initiative floundered after the Iranian government refused to move forward with any dialogue so long as U.S. sanctions and trade bans remained in place. The Clinton administration refused. While former National Security Advisor Brent Scowcroft criticized the Clinton administration’s obstinacy, Clinton’s caution was prudent. Years later, Abdollah Ramezanzadeh, the Khatami government spokesman, acknowledged Tehran’s lack of sincerity, explaining, “We had one overt policy, which was one of negotiation and confidence building, and a covert policy, which was continuation of the activities.”

Albright continued pursuit of dialogue and engagement into the waning days of the Clinton administration. On March 17, 2000, shortly before the Iranian New Year celebrations, Clinton spoke to the American Iranian Council. She began by acknowledging many Iranian grievances. While Clinton did not apologize for the CIA-sponsored 1953 coup against Prime Minister Mohammad Mosaddeq, *The Washington Post* nevertheless called her statement, “the boldest attempt yet by the Clinton administration to capitalize on the movement toward moderation in Tehran.” She also made a number of concessions, including an end to the ban on U.S. imports of Iranian pistachios and caviar, two of Iran’s most lucrative non-oil industries, a relaxation of visa restrictions upon Iranians wishing to travel to the United States, and a start to the process of releasing assets frozen almost two decades earlier during the hostage crisis.

The Iranian government at first reacted positively to Albright's speech. Hadi Nejad-Hosseini, the Islamic Republic's ambassador at the United Nations, said that Iran would be "prepared to adopt proportionate and positive measures in return." While his response made headlines, a year later, Iranian authorities had not offered any discernible measures. Khatami explained that the United States had simply not offered enough for Albright's initiative to merit any response. Ultimately, however, Albright's unilateral concessions backfired. Foreign Minister Kamal Kharrazi responded to Albright's "confessions" of past U.S. malfeasance by demanding reparations. On July 16, 2000, the Iranian government tested a Shihab-3 missile, a deliberate attempt to undercut accelerating Arab-Israeli peace talks. Supreme Leader Khamenei poured cold water on any optimism when, in a July 27, 2000 statement, he argued that any negotiations, let alone rapprochement, with Washington would be "an insult and treason to the Iranian people."

Despite the demonization of George W. Bush, the current president has been more open to diplomacy with the Islamic republic than any president since Carter. In 2001 and 2002, U.S. and Iranian diplomats met to discuss Afghanistan and, the next year, Iranian UN Ambassador Mohammad Javad-Zarif met senior U.S. officials Zalmay Khalilzad and Ryan Crocker in Geneva.

Indeed, Bush has found himself besieged from all sides. Proponents of diplomacy condemn Bush for the moral clarity inherent in the January 2002 "axis of evil" speech and argue that the president's State of the Union statements sidetracked diplomacy. Bush's rhetoric, however, was not gratuitous, but rather reflected intelligence which showed that the Islamic Revolutionary Guard Corps was acting in discord with the promises of Iranian diplomats, apparently with the acquiescence of Iran's top leadership. Some say Bush missed a Grand Bargain opportunity in 2003, but, as even pro-engagement officials like former Deputy Secretary of State Richard Armitage acknowledge, this to be a myth that resulted from wrongly ascribing Iranian authorship to an attention-seeking Swiss diplomat's personal initiative. Meanwhile, those with less tolerance for Iran's support of terrorism, its violent opposition to the Middle East peace process, and its nuclear-weapons ambitions condemn Bush for having pursued a policy of rapprochement at odds with his rhetoric.

Many advocates of engagement say that its previous failure can be ascribed to the failure to provide adequate incentive or to embrace truly the strategy. Here, the European Union provides insight, as it long pursued engagement unencumbered by meaningful coercion. Beginning in 1992, the European Union undertook a policy of critical dialogue and engagement. Critical engagement did not lead to any noticeable improvement in Iranian human rights conditions which, indeed, worsened during the course of the engagement. In 1995, for example, Iranian authorities passed a law combining the role of prosecutor and judge in court. Persecution of religious minorities like Baha'is increased, and censorship remained heavy-handed. Between 1992 and 1996, the Iranian government refused to allow a UN Special Representative on the Human Rights Situation in Iran to visit the country. Between 1995 and 1996, for example, arguably the height of Critical Dialogue, Iranian use of the death penalty doubled.

Perhaps, as many realists argue, human rights should not be a paramount U.S. concern. Alas, engagement has also failed to alter Iranian support for terrorism or proliferation activities, issues which more directly impact U.S. national security. Let me dispense with the early 1990s, when the Iranian government answered European engagement with state-sponsored assassinations of dissidents and terror bombings as far afield as Argentina. On the nuclear issue, the Europeans' dialogue fared no better than on human right. The 2007 National Intelligence Estimate indicated that the Islamic Republic maintained a covert military nuclear program until 2003; that is, throughout Khatami's Dialogue of Civilizations. IAEA reports from the period suggest a "deliberate counter effort that spanned many years, to conceal material, facilities, and activities that were required to have been declared under the safeguards agreement – material, facilities and activities that covered the entire spectrum of the nuclear fuel cycle, including experiments in enrichment and reprocessing." Earlier this summer, Hassan Rowhani, Iran's former nuclear negotiator, acknowledged to an Iranian interviewer that the Iranian leadership's previous suspension of uranium enrichment at the behest of European negotiators was more tactical than a true concession. The Islamic Republic was motivated, he said, by its desire "to counter global consensus against Iran." He noted, however, "We did not accept suspension in construction of centrifuges and continued the effort. . . . We needed a greater number." Despite finding in 2003 that Iran had been developing an uranium centrifuge enrichment program for 18 years, and a laser enrichment program for 12 years, Germany Foreign Minister Joschka Fischer corralled European Union authorities to urge giving the Islamic Republic another chance so as not to diminish leverage. Too often, the desire to preserve leverage to wield in future diplomacy becomes a chief argument against ever utilizing leverage or pursuing punitive measures based on an adversary's actions. In the diplomatic calculation, ensuring continuation of diplomacy supersedes reality.

Of course, diplomacy is the strategy of first resort. It always has been. Unfortunately, it does not always succeed. Alas, engagement has shown itself to no magic formula for three reasons. First, it takes two to tango. What Carter, Bush the elder, Clinton, and Bush the younger learned -- but their domestic critics have not -- is that the impediment to engagement lies not in Washington but in Tehran. The day after Rice offered Iran an end to its isolation, Ahmadinejad dismissed Rice's offer as "a propaganda move." When Undersecretary of State William Burns sat down with his Iranian counterpart in Geneva in July 2008, Mohammad Ja'afi Assadi, commander of Iranian Republican Guards Corps ground forces, quipped that Washington's desperation showed that "America has no other choice but to leave the Middle East region beaten and humiliated." On October 12, 2008, Vice President Mehdi Kalhor said: "As U.S. forces have not left the Middle East region and continue their support for the Zionist regime, talks between Iran and U.S. are off the agenda."

Second, for diplomacy to be effective, the target government must empower its diplomats to negotiate over contested issues and then abide by agreements reached. Unfortunately, the Iranian nuclear program appears more the purview of the Islamic Revolutionary Guard Corps (IRGC) and the Office of the Supreme Leader rather than the Iranian Foreign Minister. Neither the IRGC nor the Supreme Leader have expressed willingness to negotiate.

Third, the Obama administration appears intent to sequence policies. Comprehensive strategies, however, fit into the DIME paradigm, and have not only diplomatic, but also informational,

military, and economic components. Absent any effort to lay the groundwork either for containment or deterrence – both military strategies -- Washington is signaling to its allies that the U.S. commitment to protect them is empty.

Arab states and Iran's other neighbors appear more concerned than Congress that neither Obama nor Clinton have articulated by what metric the administration will judge success. This is of paramount importance to prevent Iranian officials from simply running down the clock.

If it appears that Iranian authorities mean only to run down the clock as they acquire greater capability, regional states may calculate that they have no choice but to make greater accommodation to Tehran's interests. This will hamper U.S. efforts to win broad diplomatic support for its strategy. When poorly-timed and considered, diplomacy can ironically undercut its own efficacy.

The danger is apparent. Should Israeli officials believe that the West will stand aside as Iran achieves nuclear capability and that a nuclear Islamic Republic poses an existential threat to the Jewish state, they may conclude that they have no choice but to launch a preemptive military strike--an event that could quickly lead to a regional conflagration from which the United States would have difficulty remaining aloof, regardless of the White House's intentions.